



**DEPARTMENT OF THE ARMY**  
HEADQUARTERS, UNITED STATES ARMY, PACIFIC  
FORT SHAFTER, HAWAII 96858-5100



REPLY TO  
ATTENTION OF :

APPE-CP

21 November 2002

MEMORANDUM FOR

Commander, 25th Infantry Division (Light) and U.S. Army, Hawaii, Schofield Barracks,  
HI 96857-6000  
Commander, U.S. Army Alaska, 600 Richardson Drive, Fort Richardson,  
AK 99505-5000  
Commander, U.S. Army Japan/9th Theater Support Command, Unit 45005, APO  
AP 96343-5005  
Commander, 9th Regional Support Command, 1557 Pass Street , Fort Shafter Flats,  
Honolulu, HI 96819-2315  
Commander, 196th Infantry Brigade, Fort Shafter, HI 96858-5300

SUBJECT: Delegation of Authority to Approve Repayment of Student Loans

1. Reference memorandum, ASA (M&RA), 26 Nov 01, subject: Guidance on Repayment of Student Loans (encl).
2. The enclosed memorandum, which also contains the Department of Defense memorandum of 17 Oct 01, allows delegation authority to the lowest practical level, to approve repayment of student loans, in whole or in part, to recruit and retain highly qualified employees.
3. The purpose of this memorandum is to delegate this authority to the major subordinate commanders. This authority may be redelegated to activity heads at the installation level (garrison commanders) but no lower.
4. The Chief of Staff, U.S. Army, Pacific (USARPAC), will approve such repayments "FOR THE COMMANDER" for USARPAC Headquarters.
5. Activities should establish criteria for candidate selection and loan repayment determinations prior to approval of the loan repayment incentive. Specific guidance on how to exercise this authority is found in the enclosed memorandum. Commanders must ensure labor relations obligations are met before implementing this program/policy. Funding for the student loan repayment will be the responsibility of the activity that recruits or maintains the candidate/employee that is approved for this benefit. Direct any questions to your servicing Civilian Personnel Advisory Center.

APPE-CP

SUBJECT: Delegation of Authority to Approve Repayment of Student Loans

6. The point of contact is G1/DCSPER, Civilian Personnel Division, DSN (315) 438-7414.

Encl

  
JAMES L. CAMPBELL  
Lieutenant General, USA  
Commanding

CF: (w/encl)  
G1/DCSPER  
G2/DCSINT  
G3/DCSOPS  
G4/DCSLOG  
G5/DCSHNA  
G6/DCSIM  
G7/DCSTXN  
DCSENG  
DCSRM  
SGS  
PROTOCOL  
CHAPLAIN  
IG  
PAO  
SJA  
SIO  
ACSAM  
DCSMED  
DCSPM  
SCIENCE ADVISOR  
IRO

CPOC DIRECTOR (APPE-CP-OC)  
CPAC DIRECTOR (APVG-GV)  
CPAC DIRECTOR (APVR-RCP)  
CPAC DIRECTOR (APAJ-GA-CPAC)  
CPD USARJ (APAJ-GA-CP)

Delegation of Auth.Repayment of Student Loan.1.txt  
CPOL: BENEFITS MEMORANDUM November 26, 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Guidance on Repayment of Student Loans

On October 17, 2001, the Office of the Assistant Secretary of Defense authorized the Department of the Army authority to approve student loan repayments. Enclosed is a copy of the delegated authority and the Department of Defense Student Loan Repayment Plan for immediate implementation. Under this program agencies are allowed to pay all or part of an outstanding federally insured student loan to recruit and retain highly qualified employees. The repayment of student loans can be used in conjunction with other recruitment incentives.

The repayment of student loan guidance issued by DoD was written to allow agencies maximum flexibility. As such, the following information should be used along with the DoD guidance and Title 5 U.S.C. § 5379 when determining eligibility and criteria.

Within the Department of the Army, authority to approve repayment of student loans may be delegated to the lowest practical level.

Managers will verify the existence of, and the balance remaining on qualifying outstanding loans by requesting the candidate/employee provide a letter from the loan holder containing this information.

Managers will provide the Customer Service Representative a copy of the signed service agreement for forwarding to the Defense Finance and Accounting Service in order to begin payments to the loan holder.

A copy of the verification of the employee's outstanding federally insured student loan, the manager's justification for authorizing the loan repayment, and a copy of the service agreement will be maintained on the left-hand side of the official Personnel Folder.

Where this program impacts bargaining unit employees' conditions of employment, activities should be reminded of their statutory and contractual labor relations obligations.

//Elizabeth B. Throckmorton signed for//  
David L. Snyder  
Deputy Assistant Secretary  
(Civilian Personnel Policy)

Enclosure: DoD Memo: Authority Delegation - Student Loan Repayment Approval

DISTRIBUTION:

OFFICE, SECRETARY OF THE ARMY, ATTN: P&ESW (MS. WARD)

COMMANDER

US ARMY EUROPE AND SEVENTH ARMY, ATTN: MS. DAVIS  
EIGHTH US ARMY, ATTN: MS. MURPHY

Delegation of Auth.Repayment of Student Loan.1.txt

US ARMY FORCES COMMAND, ATTN: MS. MARKS  
US ARMY MATERIEL COMMAND, ATTN: MS. DARBY  
US ARMY TRAINING AND DOCTRINE COMMAND, ATTN: MS. LAMKIN  
US ARMY CORPS OF ENGINEERS, ATTN: DR. DUNCAN  
US ARMY PACIFIC, ATTN: MS. MCFADDEN  
MILITARY TRAFFIC MANAGEMENT COMMAND, ATTN: MR. HARDIMAN  
US ARMY CRIMINAL INVESTIGATION COMMAND, ATTN: MS. BRAY  
US ARMY MEDICAL COMMAND, ATTN: MS. JAMISON  
US ARMY MILITARY DISTRICT OF WASHINGTON, ATTN: MR. HARRIS  
US ARMY SOUTH, ATTN: MS. SMITH  
US ARMY SPECIAL OPERATIONS COMMAND, ATTN: MS. CRUMLEY  
US ARMY INTELLIGENCE AND SECURITY COMMAND, ATTN: MR. LOOSE  
US ARMY SPACE AND MISSILE DEFENSE COMMAND, ATTN: LTC RAINEY  
US MILITARY ENTRANCE PROCESSING COMMAND, ATTN:  
MR. SANGERMAN  
US ARMY RECRUITING COMMAND, ATTN: MS. PARISH  
US ARMY RESERVE PERSONNEL COMMAND, ATTN: MR. WALDRON  
US ARMY TEST AND EVALUATION COMMAND, ATTN: MR. PARSONS  
US SOUTHERN COMMAND, ATTN: MS. KENYON  
SUPERINTENDENT, U.S. MILITARY ACADEMY, ATTN: MACP

DEPUTY CHIEF OF STAFF FOR INTELLIGENCE, ATTN: DAMI-CP  
OFFICE OF THE GENERAL COUNSEL, ATTN: MS. JOHNSON  
OFFICE OF THE JUDGE ADVOCATE GENERAL, ATTN: MS. NUGENT

DIRECTOR

CIVILIAN PERSONNEL OPERATIONS CENTER MANAGEMENT AGENCY  
CIVILIAN PERSONNEL EVALUATION AGENCY  
US ARMY EUROPE CPOC, ATTN: MR. LACY  
PACIFIC REGION CPOC, ATTN: MS. PEARSON  
KOREA REGION CPOC, ATTN: MR. PROCK

CHIEF

CENTRAL PROGRAM OPERATIONS DIVISION  
CIVILIAN HUMAN RESOURCE MANAGEMENT PROPONENT OFFICE, ATTN:  
MS. SPURLIN  
MODERNIZATION AND FUNCTIONAL AUTOMATION DIVISION  
NONAPPROPRIATED FUND PERSONNEL POLICY AND PROGRAM  
DIVISION  
PLANS AND STRATEGIES DIVISION  
POLICY AND PROGRAM DEVELOPMENT DIVISION  
PROGRAM SUPPORT DIVISION  
SENIOR EXECUTIVE SERVICE OFFICE



Delegation of Auth.Repayment of Student Loan.2.txt  
CPOL: DOD MEMORANDUM  
October 17, 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Authority Delegation - Student Loan Repayment Approval

In response to concerns about the human capital challenges facing the Federal government, the Office of Personnel Management (OPM) published final regulations implementing section 5379 of title 5, United States Code. The OPM regulations allow agencies to enhance workforce planning through the use of student loan repayment as a recruitment and retention tool. Effective immediately, the authority to approve student loan repayments is delegated to the heads of the Department of Defense (DoD) Components, as defined in the attached DoD Student Loan Repayment Plan.

The plan requires that the DoD Components establish criteria for candidate selection and loan repayment determinations, prior to approval of the loan repayment incentive. Once criteria are established, DoD Components may immediately apply the plan. A DoD Civilian Personnel Manual subchapter is being drafted.

/original signed/  
J. L. Schrader  
Acting Deputy Assistant Secretary  
Civilian Personnel Policy

Attachment: As stated

Enclosure 2 Qualifying Loans for Repayment of Student Loan Incentive(MS word)  
Enclosure 3 Final Service Agreement (MS Word)  
Enclosure 4 Final Student Loan Plan (MS Word)

DISTRIBUTION: DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(CIVILIAN PERSONNEL POLICY)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(CIVILIAN PERSONNEL/EEO)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(FORCE MANAGEMENT AND PERSONNEL)  
DIRECTOR, J-1 (MANPOWER AND PERSONNEL)  
JOINT CHIEFS OF STAFF  
DIRECTOR, PERSONNEL AND SECURITY  
DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
DIRECTOR, HUMAN RESOURCES MANAGEMENT,  
DEFENSE COMMISSARY AGENCY  
CHIEF, HUMAN RESOURCES MANAGEMENT DIVISION,  
DEFENSE CONTRACT AUDIT AGENCY  
DIRECTOR FOR CORPORATE RESOURCES,  
DEFENSE FINANCE AND ACCOUNTING SERVICE  
CHIEF, CIVILIAN PERSONNEL DIVISION, DEFENSE  
INFORMATION SYSTEMS AGENCY  
CHIEF, OFFICE OF HUMAN RESOURCES  
DEFENSE INTELLIGENCE AGENCY  
EXECUTIVE DIRECTOR, HUMAN RESOURCES

Delegation of Auth.Repayment of Student Loan.2.txt

DEFENSE LOGISTICS AGENCY  
EXECUTIVE DIRECTOR, HUMAN RESOURCES, DEFENSE  
CONTRACT MANAGEMENT AGENCY  
DIRECTOR, HUMAN RESOURCES,  
DEFENSE SECURITY SERVICE  
DIRECTOR, MANPOWER AND PERSONNEL,  
DEFENSE THREAT REDUCTION AGENCY  
DIRECTOR, HUMAN RESOURCES,  
NATIONAL IMAGERY AND MAPPING AGENCY  
DIRECTOR, HUMAN RESOURCES SERVICES,  
NATIONAL SECURITY AGENCY  
DIRECTOR, PERSONNEL CENTER, DEPARTMENT OF  
DEFENSE EDUCATION ACTIVITY  
DIRECTOR FOR PERSONNEL AND SECURITY  
WASHINGTON HEADQUARTERS SERVICES  
DIRECTOR, CIVILIAN HUMAN RESOURCES MANAGEMENT  
UNIFORMED SERVICES UNIVERSITY OF THE HEALTH  
SCIENCES  
DIRECTOR FOR HUMAN RESOURCES, NATIONAL GUARD  
BUREAU

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Authority Delegation - Student Loan Repayment

In response to concerns about the human capital challenge facing the Department of Defense, the Office of Personnel Management (OPM) is implementing a new system of authority delegation to enhance workforce management and recruitment. This system will allow agencies to approve recruitment and retention actions, including student loan repayment, as a recruitment and retention incentive. The authority to approve these actions will be delegated to the heads of the Department of Defense components. The plan requires that the OPM components establish criteria for candidate selection and loan repayment determinations, prior to approval of the loan repayment incentive. Once criteria are established, OPM components may immediately apply the plan. A DoD Civilian Personnel Manual subchapter is being drafted.

Original signed/  
J. L. Schrader  
Acting Deputy Assistant Secretary  
Civilian Personnel Policy

Attachment: As stated

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JOINT CHIEFS OF STAFF  
DIRECTOR, PERSONNEL AND SECURITY  
DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
DIRECTOR, HUMAN RESOURCES MANAGEMENT,  
DEFENSE COMMISSARY AGENCY  
CHIEF, HUMAN RESOURCES MANAGEMENT DIVISION,  
DEFENSE CONTRACT AUDIT AGENCY  
DIRECTOR FOR CORPORATE RESOURCES,  
DEFENSE FINANCE AND ACCOUNTING SERVICE  
CHIEF, CIVILIAN PERSONNEL DIVISION, DEFENSE  
INFORMATION SYSTEMS AGENCY  
CHIEF, OFFICE OF HUMAN RESOURCES  
DEFENSE INTELLIGENCE AGENCY  
EXECUTIVE DIRECTOR, HUMAN RESOURCES

## **QUALIFYING LOANS FOR REPAYMENT OF STUDENT LOAN INCENTIVE**

The Higher Education Act covers three families of loans, such as:

Loans covered under the Public Health Service Act include:

### **Federal Family Education Loans (FFEL)**

- Subsidized Federal Stafford Loans;
- Unsubsidized Federal Stafford Loans;
- Federal Plus Loans; and
- Federal Consolidation Loans;

### **William D. Ford Direct Loan Programs (Direct Loans)**

- Direct Subsidized Stafford Loans;
- Direct Unsubsidized Stafford Loans;
- Direct PLUS Loans;
- Direct Subsidized Consolidation Loans; and
- Direct Unsubsidized Consolidation Loans;

### **Federal Perkins Loan Program**

- National Defense Student Loans (made before July 1, 1972);
- National Direct Student Loans (made between 7/1/72 and 7/1/87);
- Perkins Loans (made after July 1, 1987)

Loans covered under the Public Health Service Act include:

- Loans for Disadvantaged Students (LDS);
- Primary Care Loans (PCL);
- Nursing Student Loans (NSL);
- Health Profession Student Loans (HPSL);
- Health Education Assistance Loans (HEAL).



**DEPARTMENT OF DEFENSE  
SAMPLE STUDENT LOAN REPAYMENT SERVICE AGREEMENT**

Title 5 USC 5379 allows repayment of outstanding federally insured student loans made by educational institutions or banks and other private lenders as authorized by the Higher Education Act of 1965 and the Public Health Service Act. Student loan repayments are made directly to the lender subject to the conditions stated in this agreement. Use of this authority in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service.

**CONDITIONS OF EMPLOYMENT**

\_\_\_\_\_(COMPONENT)\_\_\_\_\_ agrees to provide a student loan repayment benefit to:

EMPLOYEE	SOCIAL SECURITY NUMBER	POSITION

subject to the conditions of employment stated in this document.

(STATE CONDITIONS OF EMPLOYMENT SPECIFIC TO EACH AGREEMENT AS DESCRIBED IN 5 CFR 537.107(a) HERE OR ATTACH AS SEPARATE PAGE).

**CONDITIONS OF LOAN REPAYMENT**

I agree to complete \_\_\_\_\_(MINIMUM OF THREE YEARS SERVICE)\_\_\_\_. My period of service begins on \_\_\_\_\_(DATE)\_\_\_\_. In return, \_\_\_\_\_(COMPONENT)\_\_\_\_\_ will make payments on my outstanding federally insured loan to:

(LENDER NAME AND ADDRESS)

REPAYMENT AMOUNT	YEARS	TOTAL

Increases or renewals made under this part not to exceed \$6000 each calendar year up to a lifetime total of \$40,000 (may/may not) be made without requiring a new period of service. If increases or renewals are made, however, the Department of Defense (DoD) Component shall document the changes on a revised service agreement. The DoD Component shall provide the Defense Finance and Accounting Service (DFAS) with a

copy of the amended service agreement to ensure the size and duration of payments to the loan holder are adjusted accordingly.

### **LOAN REPAYMENT PROCEDURES**

DFAS will make payments to the lender on a biweekly basis. It will determine the amount to be paid by dividing the annual repayment amount by the number of pay periods in the year for which payments are made. This usually will be 26 payments per year, except for years having 27 pay periods. In those cases, 27 biweekly payments will be made. The loan repayment amount will be considered as taxable wages and tax withholding will be made on a biweekly basis as appropriate. The Department of Defense is not responsible for any late fees or penalties assessed by the loan holder(s) prior to, during, or subsequent to this agreement.

### **LOSS OF ELIGIBILITY FOR LOAN REPAYMENT BENEFIT**

I understand I will no longer be eligible for the loan repayment incentive if I voluntarily end my employment with \_\_\_\_\_ (COMPONENT) \_\_\_\_\_, am separated for reasons of misconduct or performance, fail to maintain an acceptable level of performance (as defined by each DoD Component), or in any way violate the terms of this agreement.

### **REIMBURSEMENT OF LOAN REPAYMENT BENEFIT**

If I leave DoD before I complete the period of service specified in this agreement, I will reimburse DoD for the entire amount of all loan repayments considered as taxable wages that DoD has made in my behalf.

\_\_\_\_\_  
EMPLOYEE SIGNATURE

\_\_\_\_\_  
DATE

I certify that I have discussed the conditions of the student loan repayment program with this employee.

\_\_\_\_\_  
HRO REPRESENTATIVE SIGNATURE

\_\_\_\_\_  
DATE

**"This information is subject to the Privacy Act of 1974, as amended."**



## **Department of Defense Student Loan Repayment Plan**

**Purpose.** Section 5379 of title 5, United States Code, and Part 537 of Title 5, Code of Federal Regulations (CFR), establish the statutory and regulatory authority for the use of student loan repayment as a recruitment or retention incentive. This plan provides the parameters for implementation of the incentive within the Department of Defense (DoD). Appointing officials in DoD may consider the authority as part of their workforce reshaping efforts and shall use this plan to repay student loans until it is incorporated into the DoD Civilian Personnel Manual. Repayment is limited to outstanding federally insured loans made by educational institutions or banks, and other private lenders as authorized by the Higher Education Act of 1965 and the Public Health Service Act.

**Applicability.** This plan applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within DoD (hereafter collectively referred to as the DoD "Components").

**Eligibility.** A DoD Component may offer student loan repayment to facilitate the recruitment or retention of highly qualified employees who meet the eligibility criteria established in 5 CFR 537.104. The incentive may be paid provided there is a written determination by the approving official (see approval policy below) that, in the absence of student loan repayment, the Component would encounter difficulty in filling the position or retaining an employee in that position. Determinations for recruitment purposes must be made before the employee enters on duty. Determinations for retention purposes must be based on the qualifications of the employee or the special need of the Component for the employee's services and, in the absence of offering loan repayments, an assessment that the employee would be likely to leave the Federal service. When selecting employees to be recipients, a DoD Component shall consider both equitable treatment and diversity of the workforce.

**Student Loan Repayment Offer and Approval.** The authority to approve repayment of student loans is delegated through, and subject to, the authority of the Head of the DoD Component and the Component's chain of command to the official(s) who exercise(s) personnel appointing authority (normally, the head of an installation or activity). Prior to approval, officials shall establish criteria that must be met or considered in authorizing the incentive, including criteria for determining the size of a payment, to comply with OPM regulations at 5 CFR 537.105. The amount paid by the DoD Component may not exceed maximum statutory limitations.



**Student Loan Repayment Service Agreement.** A student loan repayment is made under the terms, limitations, and conditions of a written service agreement between the Component and the employee for a specified period of employment with DoD. The incentive is in addition to basic pay and any other form of compensation payable to the employee. A sample agreement is attached. The DoD Components may use this agreement or develop their own service agreements, providing, as a minimum, the information contained in the sample agreement is covered and that the loan repayment procedures are included without modification.

a. Where appropriate, an approving official may seek an agreement requiring a period of service beyond the statutory minimum. The service requirement begins on the date stated in the agreement. Individuals who fail to complete their agreements must reimburse DoD for the entire amount of all benefits received.

b. Prior to authorizing loan repayments, DoD Components must verify that the employee has a qualifying outstanding student loan or loans. Components may repay more than one loan as long as the payments do not exceed the legally prescribed limits. The DoD Component shall not authorize payments to cover accrued penalties associated with the loan(s).

c. Employees who do not complete periods of service under the terms of the service agreement are subject to the debt collection process as outlined by DoD 7000.14-R, Department of Defense Financial Management Regulation, Volume 8. The appropriate authority may waive the recovery of an employee's debt, in whole or in part, if he or she determines that recovery would be against equity and good conscience, or against the public interest.

**Loan Repayment Procedures.** The Defense Finance and Accounting Service (DFAS) will make payments to the lender on a biweekly basis. DFAS will determine the amount to be paid by dividing the annual repayment amount by the number of pay periods in the year for which payments are made. This usually will be 26 payments per year, except for years having 27 pay periods. In those cases, 27 biweekly payments will be made. The loan repayment amount will be considered as taxable wages and tax withholding will be made on a biweekly basis as appropriate. DoD is not responsible for any late fees or penalties assessed by the loan holder(s) prior to, during, or subsequent to this agreement.

**Documentation and Records.** Each approving official is responsible for ensuring that the justification for each student loan repayment incentive is documented and records are maintained in accordance with 5 CFR, Part 537. Documentation shall include verification that the employee's outstanding student loan qualifies for repayment and shall contain the written determinations of recipient eligibility as required by 5 CFR 537.105. Records, maintained on a fiscal year basis, shall verify the number of employees receiving the loan repayment incentive, the job classification of each

recipient, and the total cost of the student loan repayment incentive. Upon request, Components will provide DoD with an annual fiscal year report containing these data.

**Program Oversight and Evaluation.** The Deputy Assistant Secretary of Defense (Civilian Personnel Policy) (DASD(CPP)) is responsible for the oversight and evaluation of the policy throughout DoD. Each DoD Component shall furnish the DASD(CPP) with a copy of the Component's implementing guidance when issued.